

MINUTES OF MEETING

RHODE ISLAND AIRPORT CORPORATION

FINANCE AND AUDIT COMMITTEE

WEDNESDAY, FEBRUARY 20, 2008

2:30 P.M. IN THE MARY BRENNAN BOARD ROOM

T. F. GREEN AIRPORT, 2000 POST ROAD, WARWICK, RHODE ISLAND

The meeting of the Rhode Island Airport Corporation (“Corporation”) Finance and Audit Committee was called to order by Chairman, Joseph Cianciolo, at 2:30 p.m., in the Mary Brennan Board Room, at T. F. Green Airport, 2000 Post Road, Warwick, Rhode Island, in accordance with the notice duly posted pursuant to the Open Meetings Law.

COMMITTEE MEMBERS PRESENT: Joseph Cianciolo; Jim Forte; Russell Hahn.

BOARD MEMBER PRESENT: Kathleen C. Hittner, M.D.

ALSO PRESENT: Peter A. Frazier, Interim President and CEO; Brian C. Schattle, Senior Vice President of Finance and Administration and CFO; Doug Dansereau, Chief Auditor and Financial Analyst; and those individuals listed on the attendance sheet attached hereto.

1. Approval of the Minutes:

A motion was made by Mr. Cianciolo and seconded by Mr. Forte to approve the minutes of the Finance and Audit Committee of June 20, 2007. The motion was passed unanimously.

2. Report from Chief Auditor/Financial Analyst:

Mr. Dansereau provided a summary of audits that have recently been completed or are currently in progress.

3. Report from Senior Vice President of Finance/CFO:

(a) Discussion of Financial Statements for Month Ending December 31, 2007.

Mr. Schattle gave an overview of the Financial Statements for December 2007. Discussion focused on revenues. Mr. Schattle also gave an update on the 2008 bond process.

Mr. Schattle gave an update on the new parking contract and indicated that there had been a smooth transition to the new vendor.

Mr. Schattle reported that the Corporation had recently selected a vendor to provide purchasing cards (“p cards”). Mr. Schattle noted that staff is working on an implementation plan.

4. Action Item:

(a) Consideration of and Action Upon Airport Project and Refunding Bond Issue.

Mr. Cianciolo gave a brief overview of the selection process. Mr. Schattle reported that RIAC issued the Request for Proposals for a Senior Managing Underwriter for the 2008 bonds in January 2008. Seven responses were received, and three firms were shortlisted to be interviewed. The Selection Committee unanimously recommends that Citigroup Global Markets, Inc. be appointed Senior Managing Underwriter for the 2008 Bonds. The recommendation is that the Committee authorize the Chief Financial Officer, along with members of the financing working group, to develop and negotiate the financing documents necessary for the 2008 Bonds and to request that the Rhode Island Economic Development Corporation (RIEDC) appoint Citigroup Global Markets, Inc., as Senior Managing Underwriter for the 2008 Bonds, subject to Board approval.

A motion was made by Mr. Hahn and seconded by Mr. Forte to approve the following resolution:

WHEREAS, the Rhode Island Airport Corporation ("RIAC") is a public corporation, governmental agency and instrumentality of the State of Rhode Island and Providence Plantations (the "State") organized and existing under Chapter 64 of Title 42 of the Rhode Island General Laws, as amended (the "Act") as a subsidiary public corporation of

**the Rhode Island Economic Development Corporation (the "EDC");
and**

**WHEREAS, RIAC has the power pursuant to Section 42-64-2(g) and
Section 42-65-5 of the Act" ... to furnish proper and adequate airport
facilities within the State ..." ; and**

**WHEREAS, RIAC is undertaking an Airport Bonds Project for the
financing of various capital projects at T. F. Green Airport and the
General Aviation Airports (the "Airport Bonds Project"); and**

**WHEREAS, RIAC may also undertake the refinancing of all or a
portion of the outstanding \$53,140,000 EDC Airport Revenue Bonds
(1998 Series) (the "Prior Bonds") (the "Refunding"); and**

**WHEREAS, RIAC intends to finance the Airport Bonds Project and
the Refunding by requesting the EDC issue up to \$93,440,000 in
Airport Revenue Bonds (the "2008 New Money Bonds") and to issue
Airport Refunding Bonds (the "2008 Refunding Bonds") in an amount
necessary to refund all or a portion of the Prior Bonds pursuant to the
Master Indenture of Trust among the EDC, RIAC and U.S. Bank,
National Association, as Trustee, (the "Trustee") (the "Master
Indenture"), an Eighth Supplemental Trust Indenture among RIAC, the
EDC and the Trustee (the "Eighth Supplemental Indenture") and a
Loan Agreement between RIAC and the EDC (the "2008 Loan
Agreement"), pursuant to which the EDC will loan the proceeds of the**

sale of the 2008 Bonds to RIAC for a portion of the Airport Bonds Project; and

WHEREAS, the General Assembly of the State of Rhode Island has approved the issuance of the 2008 New Money Bonds under Rhode Island General Law §35-18-3 “Kushner Approval”; and

WHEREAS, the RIAC Board approved an inducement resolution at the April 2007 Board meeting declaring its official intent, pursuant to Treasury Regulation § 1.150-2, to reimburse certain expenditures made for the Airport Bonds Project prior to the issuance of the 2008 New Money Bonds in amount not-to-exceed \$93,440,000; and

WHEREAS, RIAC issued a Request for Proposals for the purpose of selecting a Senior Managing Underwriter for the 2008 Bonds and received seven responses; and

WHEREAS, the Selection Committee, consisting of Joseph Cianciolo, RIAC Board Member and Treasurer; James Forte, RIAC Board Member and Vice Chairperson; and Brian Schattle, Chief Financial Officer reviewed the proposals and interviewed three of the potential candidates; and

WHEREAS, the Selection Committee unanimously recommends that Citigroup Global Markets Inc. be appointed as Senior Managing Underwriter.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. That the Committee hereby authorizes the CFO, along with members of the financing working group, to develop and negotiate the financing documents necessary for the 2008 Bonds; and**
- 2. RIAC hereby requests the Rhode Island Economic Development Corporation appoint Citigroup Global Markets Inc. as Senior Managing Underwriter for the 2008 Bonds, subject to Board approval.**

The motion was passed unanimously.

(b) Consideration of and Action Upon Write-Offs of Accounts Receivable Balances.

Mr. Schattle reported that the Board had established a write-off policy regarding accounts receivable at the December 1999 Board Meeting. Under this policy, the RIAC Finance Committee is authorized to approve the write-offs of accounts receivable in amounts greater than \$10,000 and up to a total of \$100,000 in the aggregate during any RIAC fiscal year. The recommendation is that the Finance and Audit Committee authorize the Chief Financial Officer to write-off accounts receivable balances for Air Ontario, Independence Air, Jessica Transportation Services, Northstar Aviation (related to the Delta and Northwest bankruptcies), Welcome

Home Consignment Shop and other immaterial balances (individually less than \$500) for items that are determined to be uncollectable.

A motion was made by Mr. Forte and seconded by Mr. Hahn to approve the following resolution:

WHEREAS, the Rhode Island Airport Corporation (RIAC) is a public corporation, governmental agency and instrumentality of the State of Rhode Island and Providence Plantations (the "State") organized and existing under Chapter 64 of Title 42 of the Rhode Island General Laws, as amended (the "Act") as a subsidiary public corporation of the Rhode Island Economic Development Corporation; and

WHEREAS, RIAC has the power pursuant to Section 42-64-2(g) and Section 42-65-5 of the Act" ... to furnish proper and adequate airport facilities within the State ..." ; and

WHEREAS, RIAC is responsible for the collection of revenues to include all fees, income, rents and receipts, received or accrued; and

WHEREAS, RIAC maintains an accounts receivable general ledger; and

WHEREAS, the RIAC Board of Directors established a write-off policy regarding accounts receivable at the December 1999 Board of Director's meeting; and

WHEREAS, the RIAC Finance Committee is authorized to approve the write-offs of accounts receivable in amounts greater than \$10,000 and up to a total of \$100,000 in the aggregate during any RIAC fiscal year; and

WHEREAS, RIAC staff recommend that \$94,029 of Accounts Receivable balances primarily caused by airline and tenant bankruptcies be written-off; and

WHEREAS, in addition, RIAC staff requests approval to write-off other immaterial balances (individually less than \$500) for items that are determined to be uncollectible.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Finance and Audit Committee hereby authorizes the Chief Financial Officer to write-off the following Accounts Receivable balances:

- Air Ontario - \$8,226,**
- Independence Air - \$71,941,**
- Jessica Transportation Services - \$750,**
- Northstar Aviation (related to the Delta and Northwest bankruptcies) - \$12,167,**
- Welcome Home Consignment Shop - \$945, and**
- other immaterial balances (individually less than \$500) for items that are determined to be uncollectible.**

The motion was passed unanimously.

5. Future Meetings:

The next meeting will be announced.

6. Adjournment:

Mr. Hahn moved to adjourn at approximately 3:10 p.m. Mr. Forte seconded the motion. The motion was carried by acclamation.

Respectfully submitted,

**Joseph Cianciolo, Chairman
Finance and Audit Committee of
the Rhode Island Airport Corporation**

**ATTENDANCE SHEET
RHODE ISLAND AIRPORT CORPORATION
FINANCE AND AUDIT COMMITTEE MEETING
FEBRUARY 20, 2008**

NAME AFFILIATION

Bruce Wilde RIAC

Ann Clarke RIAC

Darrell Watson RIAC

Benjamin Gadan Providence Journal